



State of Utah

Department of Natural Resources

ROBERT L. MORGAN
Executive Director

Division of Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

July 28, 2004

Mr. Earl R. White
American Gilsonite Company
HC 73 Box 28
Vernal, Utah 84078-9284

Subject: Proposal to Release Public Roads, American Gilsonite Company,
Bonanza Operations, M/047/010, Uintah County, Utah

Dear Mr. White:

On February 11, 2004, the Division received your request to release several roads from reclamation liability. You also requested that the Division release certain mine sites from the disturbed acreage list.

In reviewing our records, we find that the mine sites have been released *basically* as you request. The only bond money being held is for reclamation of 0.5 acres at LE-19. The status of these sites is not correctly reflected on Attachment A of the reclamation contract, but our bond calculation sheets do show these sites properly. Therefore, the bond amount is right, but Attachment A needs to be modified. We have found additional mistakes on Attachment A that will also need to be corrected.

On April 20, 2004, we received a letter from Uintah County stating (complete text):

These are the roads that Uintah County wants to keep as "D" roads (present designation): #6, 7, 8, 9, 13, 14, 15, 17, as shown on map supplied by American Gilsonite. The balance, we will not claim an interest in as far as being "B" or "D" roads.

Subsequent to this letter, Mr. Paul Feltch, Road Supervisor, indicated in a telephone conversation that road 8 should be deleted from this list. The roads the Division will consider deleting from your reclamation contract and permit area are those the county considers public roads.

All of these roads cross lands managed by the Bureau of Land Management, and roads 6, 9, and 17 also cross lands managed by the School and Institutional Trust Lands Administration (SITLA). In a May 12, 2004, letter, Will Stokes of SITLA said these roads provide essential access to trust lands; implying the roads should not be reclaimed.

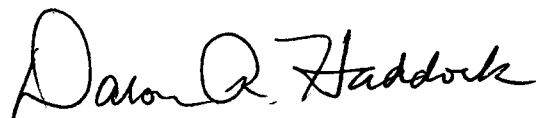
Earl White
Page 2 of 2
M/047/010
July 28, 2004

On July 1, 2004, the Division received a letter from Jerry Kenczka of the Bureau of Land Management (copy enclosed). He said the roads need to be authorized under a Title V right-of-way. This right-of-way could be obtained by American Gilsonite then transferred to Uintah County or the County could acquire it. Before the Division releases these roads from the permit area, there needs to be a right-of-way grant from the Bureau of Land Management as discussed in Mr. Kenczka's letter.

Some of the roads for which you requested release do not cross public lands and are not claimed by the County, but they appear to receive use that is likely to continue following reclamation. For the Division to allow these roads to remain following mining, we ask that you submit an amendment to your mine plan specifying the roads involved, giving the land ownership, discussing what uses there will be following mining, and justifying retention of the roads. If any of these roads cross lands not owned by American Gilsonite, we need letters from the land owners showing that they would like the roads retained and discussing how the roads would be used following the cessation of mining activities. The Division may be able to allow retention of these roads, but it may also be necessary to continue holding a reclamation bond for these areas until the mine is reclaimed.

Thank you for your cooperation on these complicated issues. We look forward to receiving your responses, and we will begin working to update Attachment A of the reclamation contract as time allows. If you have any questions about this letter, please call me at 801-538-5325 or Paul Baker at 801-538-5261.

Sincerely,



Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:PBB:jb
Enclosure: BLM Letter
cc: Will Stokes, SITLA
Jerry Kenczka, Vernal BLM
Pete Sokolosky, Vernal BLM
O:\M047-Uintah\M0470010-AGC\final\ltr-roads-07282004.doc



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410



IN REPLY REFER TO:

2880

UT084

RECEIVED

JUL 01 2004

June 30, 2004

DIV. OF OIL, GAS & MINING

State of Utah
Division of Oil, Gas, and Mining
Attn: Paul Baker
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Request from American Gilsonite to
Release Roads from Reclamation
Liability

Dear Mr. Baker

I have reviewed the information supplied from American Gilsonite, along with Uintah County's letter, regarding American Gilsonite's request to remove acreage from their Disturbed Acreage list. I found it difficult to determine what roads or portions thereof were being requested to be released from their Disturbed Acreage list as the written description in their letter did not correlate to the supplied map, i.e. road #6 described as the NE $\frac{1}{4}$ Section 17, Township 9 South, Range 25 East vs. a map depiction of multiple townships and sections. Plus the request did not identify the surface owner/managing agency responsible for determining if American Gilsonite's request was acceptable and the provided map was of poor quality.

Based upon what I could glean from the provided map and our GIS data, it appears that the roads identified as #6, #7, #9, #13, #14, #15, #17, and #18 are either wholly or partially located upon BLM managed lands. For roads #8 and #12, I could not determine whether or not they were wholly or partially located upon BLM managed lands, so better data, such as GPS data, would be required from American Gilsonite in order for our office to respond to their request.

Should American Gilsonite desire to leave the roads located upon BLM managed lands in place, the roads will need to be authorized under a Title V right-of-way (ROW). From the provided information, it appears that Uintah County also desires to leave several of the roads in place as a part of their transportation infrastructure. American Gilsonite has several options available to them if they are interested in pursuing this process. One option would be for American Gilsonite to apply for and acquire the ROW. American Gilsonite could then either leave the ROW in their name or work with Uintah County to have the ROW assigned over to them. Another option for

American Gilsonite would be for them to work with Uintah County to have Uintah County apply for and receive the ROW.

Should you have any questions related to our response, please contact me at 435-781-4440.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Kenczka". The signature is fluid and cursive, with the first name "Jerry" and last name "Kenczka" clearly distinguishable.

Jerry Kenczka
AFM Operations